

**FORT POLK PROGRESS, INC.**

**LEESVILLE, LOUISIANA**

**DECEMBER 31, 2013**

**L.A. CHAMPAGNE**   
Certified Public Accountants

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## **INDEPENDENT AUDITOR'S REPORT**

The Board of Directors of  
Fort Polk Progress, Inc.

We have audited the accompanying financial statements of Fort Polk Progress, Inc., which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fort Polk Progress, Inc., as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

  
July 14, 2014

**FORT POLK PROGRESS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
*December 31, 2013*

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 25,358
Prepaid expenses	1,238
	<u>26,596</u>
Total assets	<u>\$ 26,596</u>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	15,000
Total current liabilities	<u>15,000</u>

<b>UNRESTRICTED NET ASSETS</b>	11,596
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Total liabilities and net assets	<u>\$ 26,596</u>
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*See accompanying notes*

**FORT POLK PROGRESS, INC.**  
**STATEMENT OF ACTIVITIES**  
*Year Ended December 31, 2013*

	<u>Unrestricted</u>
<b>SUPPORT AND REVENUE</b>	
Government support under cooperative endeavor arrangements for economic development	\$ 88,000
Member contributions	22,000
Special events	3,636
Contributions - non cash	700
	<u>114,336</u>
 <b>EXPENSES</b>	
Program expenses	204,991
Management and general expenses	2,768
Fundraising expenses	1,161
	<u>208,920</u>
 Decrease in unrestricted net assets	(94,584)
 Net assets - beginning of year	106,180
 Net assets - end of year	\$ <u><u>11,596</u></u>

*See accompanying notes*

**FORT POLK PROGRESS, INC.**  
**STATEMENT OF CASH FLOWS**  
*Year Ended December 31, 2013*

**CASH FLOWS FROM OPERATING ACTIVITIES**

Decrease in net assets	\$ (94,584)
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Adjustments to reconcile change in net assets to net  
cash used in operating activities:

Decrease in accounts receivable	30,000	
Increase in prepaid expense	(1,238)	
Increase in accounts payable	<u>15,000</u>	
Total adjustments		43,762

Net cash used in operating activities	<u>(50,822)</u>
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**CASH FLOWS FROM INVESTING ACTIVITIES**

Net cash used in investing activities	<u>-</u>
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**CASH FLOWS FROM FINANCING ACTIVITIES**

Net cash used in financing activities	<u>-</u>
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<b>NET DECREASE IN CASH</b>	<b>(50,822)</b>
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Cash - beginning of year	76,180
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Cash - end of year	\$ <u><u>25,358</u></u>
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*See accompanying notes*

**FORT POLK PROGRESS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
*Year Ended December 31, 2013*

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Professional services - government relations and lobbying	\$ 192,524	\$ -	\$ -	\$ 192,524
Membership dues	-	1,500	-	1,500
Website	3,483	-	1,161	4,644
Insurance	-	1,191	-	1,191
Service charges	-	77	-	77
Conferences, conventions, and meetings	8,984	-	-	8,984
 Total expenses	 \$ <u>204,991</u>	 \$ <u>2,768</u>	 \$ <u>1,161</u>	 \$ <u>208,920</u>

*See accompanying notes*



**FORT POLK PROGRESS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
*December 31, 2013*

**A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Nature of activities*

Fort Polk Progress, Inc. (the "Organization") is a Louisiana non-profit corporation whose mission is to help coordinate the efforts of the civilian community in the support of Fort Polk, Louisiana. The Organization maintain relationships and partners with decision makers in Congress, at the Pentagon and at the state and local levels, ensuring that the most up to date information concerning Fort Polk and the surrounding communities is used in decisions concerning the base. The Organization was established in October, 2009.

*Basis of accounting*

The Organization prepares its financial statements on the accrual basis of accounting. Under this method of accounting, revenue is recognized when earned or billed, and expenses are recognized when goods or services are received and the obligation for payment is incurred.

*Basis of presentation*

Financial statement presentation follows the guidance of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities under three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Unrestricted net assets are resources that are free of donor-imposed use or time restrictions and are available at the direction of the governing board. Temporarily restricted net assets are resources that are limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. Permanently restricted net assets are those resources whose use by the Organization is limited to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization presently has no temporarily restricted or permanently restricted net assets.

*Contributions and grants*

Contributions received, government support, and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports cash gifts, grants and contributions of other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets or grants, or if they are designated as support for future periods. When donor restrictions expire, that is, when the stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

**A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Sources of revenue*

The Organization receives support from various government entities under cooperative endeavor arrangements, as well as membership contributions from other business organizations and individuals.

*Use of estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

*Cash*

For the purposes of the statement of cash flows, the organization considers all unrestricted highly liquid investments with a maturity of three months or less when acquired to be cash.

*Accounts receivable*

Accounts receivable are written-off under the direct write-off method whereby bad debts are recorded when a receivable is deemed uncollectible. Subsequent collections are reported in miscellaneous income. In this case, the resulting charge to bad debt expense does not differ significantly from that expensed under the allowance method prescribed by generally accepted accounting principles.

*Prepaid expenses*

Insurance and similar services which extend benefits over more than one accounting period have been recorded as prepaid.

*Functional allocation of expenses*

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs are charged specifically to a program or function and the remaining costs are allocated among programs, management, and fund raising based upon estimates of time devoted to these functions.

*Income tax status*

The Organization is exempt from Federal Income Taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation under IRC 170(b)(1)(A)(vi).

The Organization applies the standards in Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 740-10 in accounting for uncertainty in income taxes. The Organization files a United States return of organization exempt from income tax. The Organization's returns for 2010, 2011, 2012, and 2013 are subject to examination by the Internal Revenue Service.

**B: ECONOMIC DEPENDENCY**

The Organization receives the majority of its funding, 77% in 2013, from area governmental entities under cooperative endeavor arrangements. Participation by such governmental entities is subject to budgetary constraints. Reduction in their participation could adversely impact the Organization's ability to carry out its economic development activities.

**C: RELATED PARTY TRANSACTIONS**

American Moving and Storage of Leesville, Inc. provides administrative services to the Organization. The value of such services is nominal and is not given any effect in the accompanying financial statements.

**D: NON-CASH INVESTING AND FINANCING ACTIVITIES**

There were no non cash investing and financing activities in the year ended December 31, 2013.

**E: COOPERATIVE ENDEAVOR ARRANGEMENTS**

Several area governmental entities assist in the funding of the Organization's economic development efforts regarding retention of the Fort Polk military installation through cooperative endeavor arrangements. Cooperative endeavors include economic development assistance between governmental entities and associations such as Fort Polk Progress, Inc. Their support amounted to \$88,000 in 2013.

**F: SUBSEQUENT EVENTS**

Subsequent events were evaluated through July 14, 2014, which is the date the financial statements were available to be issued.

July 14, 2014

Board of Directors  
Fort Polk Progress, Inc.

Gentlemen:

In planning and performing our audit of the financial statements of Fort Polk Progress, Inc. (the Organization) as of and for the year ended December 31, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the Organization's internal control to be significant deficiencies.

*Drafting Financial Statements and Accounting Adjustments*

We have assisted management in the analysis and reclassification of transactions and in the drafting of the financial statements and related notes as part of our year-end audit process. The definition of internal

control over financial reporting is that policies and procedures exist to assure an entity's ability to initiate, record, process, and report financial data consistent with assertions embodied in the annual financial statements, and that financial statements are prepared in accordance with generally accepted accounting principles (GAAP). Because our involvement is so key to that process there is an indication that the internal control over financial reporting of the Organization meets the definition of a significant deficiency as defined above.

Management acknowledges the condition as described above. Although management does not actually prepare and draft the financial statements, they have the capacity and experience to oversee adjustments and reclassifications to the books and records and the drafting of financial statements prepared in accordance with generally accepted accounting principles. They provide all of the information to support adjustments and reclassifications and other information to be included in the financial statements and they understand the financial statement presentation.

*Segregation of Duties*

Because of the small size of the Organization, its lack of any administrative staff and its nearly total reliance on volunteers, there is a general lack of formal administrative procedures including segregation of incompatible accounting duties.

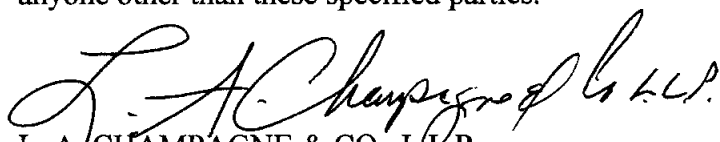
One of the basic elements of internal control is separation of incompatible accounting duties to the extent possible considering the size of the organization and the complexity of its accounting.

The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction or process.

Management acknowledges this condition and will continue to rely on close monitoring of financial activities by its Board of Directors.

Management's written response to the significant deficiencies identified in our audit has not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This communication is intended solely for the information and use of management, the Board of Directors and the Louisiana Legislative Auditor and is not intended to be, and should not be, used by anyone other than these specified parties.

  
L. A. CHAMPAGNE & CO., LLP.



July 14, 2014

The Fort Polk Progress, Inc. respectfully submits the following corrective action plan for the year ended December 31, 2013.

Name and Address of independent public accounting firm:

L.A. Champagne & Co., L.L.P.  
4911 Bennington Avenue  
Baton Rouge, LA 70808

Audit period: Year ended December 31, 2013

The findings from the 2013 audit are discussed below.

#### **Drafting Financial Statements and Accounting Adjustments**

*Condition:* We assisted management in the analysis and reclassification of various accounts in order to close the books at year end and in drafting the financial statements and related notes as part of our year-end audit process. The definition of internal control over financial reporting is that policies and procedures exist to assure an entity's ability to initiate, record, process, and report financial data consistent with assertions embodied in the annual financial statements, and that financial statements are prepared in accordance with generally accepted accounting principles (GAAP). Because our involvement is so key to that process there is an indication that the internal control over financial reporting of the Organization meets the definition of a significant deficiency.

*Action Taken:* Management acknowledges the condition as described above. Although management does not actually prepare and draft the financial statements, we have the capacity and experience to oversee adjustments and reclassifications to the books and records and the drafting of financial statements prepared in accordance with generally accepted accounting principles. We provide all of the information to support adjustments and reclassifications and other information to be included in the financial statements and they understand the financial statement presentation.

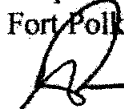
#### **Segregation of Duties**

*Condition:* Because of the small size of the Organization, its lack of any administrative staff and its nearly total reliance on volunteers, there is a general lack of formal administrative procedures including segregation of incompatible accounting duties.

*Action Taken:* Management acknowledges the condition as described above and will continue to rely on close monitoring of financial activities by its Board of Directors.

If there are any questions regarding this plan, please call me at 337-239-9555.

Respectively submitted,  
Fort Polk Progress, Inc.

A handwritten signature in black ink, appearing to be 'Michael Reese', written over a horizontal line.

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Michael Reese  
Chairman